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## Consolidated Financial Results for the Six Months Ended June 30, 2018 [Japanese GAAP]

August 01, 2018

Company name: MarkLines Co., Ltd.

Stock exchange listing: Tokyo

Code number: 3901

URL: <https://www.marklines.com>

Representative: Makoto Sakai

President, CEO

Contact: Masami Uchida

Director, General Manager, Administration Dept.

Phone: 03-5785-1380

Scheduled date of filing quarterly securities report: August 10, 2018

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes (Japanese only )

Schedule of quarterly financial results briefing session: Yes (For institutional investors and analysts )

(Amounts of less than one million yen are rounded down)

### 1. Consolidated Financial Results for the Six Months Ended June 30, 2018 (January 01, 2018 to June 30, 2018)

#### (1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended June 30, 2018	1,001	24.7	358	32.4	348	24.7	236	21.3
June 30, 2017	802	18.3	270	15.8	279	36.2	195	39.4

(Note) Comprehensive income: Six months ended June 30, 2018: ¥ 219 million [ 22.4%]

Six months ended June 30, 2017: ¥ 179 million [ 61.3%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2018	18.00	17.89
June 30, 2017	14.92	14.78

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Million yen	Million yen	%
As of June 30, 2018	2,767	1,853	67.0
December 31, 2017	2,579	1,797	69.7

(Reference) Equity: As of June 30, 2018: ¥ 1,853 million

As of December 31, 2017: ¥ 1,797 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2017	-	0.00	-	12.50	12.50
Fiscal year ending December 31, 2018	-	0.00			
Fiscal year ending December 31, 2018 (Forecast)			-	15.00	15.00

(Note) Revision to the forecast for dividends announced most recently: No

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending December 31, 2018 :

Commemorative dividend	- yen
Special dividend	- yen

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2018(January 01, 2018 to December 31, 2018)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	2,000	19.0	746	22.9	746	17.3	536	20.3	40.51

(Note) Revision to the financial results forecast announced most recently: No

\* Notes:

(1) Changes in significant subsidiaries during the six months ended June 30, 2018

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

New - (Company name: - )

Exclusion: - (Company name: - )

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

June 30, 2018: 13,140,800 shares

December 31, 2017: 13,136,800 shares

2) Total number of treasury shares at the end of the period:

June 30, 2018: 225 shares

December 31, 2017: 225 shares

3) Average number of shares during the period:

Six months ended June 30, 2018: 13,137,237 shares

Six months ended June 30, 2017: 13,069,916 shares

\* This report is outside the scope of audit procedures based on the Financial Instruments and Exchange Law.

Quarterly Consolidated Financial Statements  
 Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of December 31,2017	As of June 30,2018
<b>Assets</b>		
Current assets		
Cash and deposits	2,040,689	2,011,034
Accounts receivable - trade	59,386	51,567
Work in process	-	293
Prepaid expenses	10,050	11,475
Deferred tax assets	12,919	14,540
Other	2,582	3,652
Allowance for doubtful accounts	(689)	(362)
Total current assets	2,124,938	2,092,200
Non-current assets		
Property, plant and equipment		
Buildings and structures	40,651	41,286
Accumulated depreciation	(14,118)	(15,088)
Buildings and structures, net	26,533	26,197
Land	5,634	5,634
Other	29,592	33,438
Accumulated depreciation	(23,404)	(24,649)
Other, net	6,188	8,788
Total property, plant and equipment	38,356	40,621
Intangible assets		
Software	80,840	109,222
Total intangible assets	80,840	109,222
Investments and other assets		
Investment securities	249,774	437,563
Long-term time deposits	51,840	50,070
Lease deposits	32,803	33,001
Other	1,683	5,134
Allowance for doubtful accounts	(639)	(523)
Total investments and other assets	335,461	525,245
Total non-current assets	454,658	675,089
Total assets	2,579,596	2,767,290

(Thousand yen)

	As of December 31,2017	As of June 30,2018
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	6,035	7,136
Accounts payable - other	28,953	35,431
Accrued expenses	27,510	29,746
Income taxes payable	94,816	107,079
Accrued consumption taxes	28,947	14,022
Advances received	555,241	641,195
Deposits received	12,710	18,945
Provision for bonuses	8,285	11,728
Provision for contingent loss	15,000	15,000
Accounts payable - facilities	3,650	33,343
Other	411	101
Total current liabilities	781,561	913,731
Non-current liabilities		
Deferred tax liabilities	183	-
Total non-current liabilities	183	-
Total liabilities	781,744	913,731
<b>Net assets</b>		
Shareholders' equity		
Capital stock	363,511	363,911
Capital surplus	281,318	281,718
Retained earnings	1,154,252	1,226,550
Treasury shares	(175)	(175)
Total shareholders' equity	1,798,907	1,872,005
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(8,139)	(20,191)
Foreign currency translation adjustment	7,084	1,745
Total accumulated other comprehensive income	(1,054)	(18,446)
Total net assets	1,797,852	1,853,558
Total liabilities and net assets	2,579,596	2,767,290

## Quarterly Consolidated Statements of Income and Comprehensive Income

## Quarterly Consolidated Statements of Income (For the six months)

(Thousand yen)

	For the six months ended June 30,2017	For the six months ended June 30,2018
Net sales	802,987	1,001,181
Cost of sales	228,590	307,772
Gross profit	574,397	693,408
Selling, general and administrative expenses		
Promotion expenses	6,839	4,150
Sales commission	1,640	1,941
Advertising expenses	4,418	6,262
Directors' compensations	22,069	24,553
Salaries and allowances	135,159	146,975
Provision for bonuses	5,752	7,548
Retirement benefit expenses	2,433	2,512
Legal welfare expenses	22,807	22,964
Depreciation	4,480	4,707
Provision of allowance for doubtful accounts	(1,185)	(141)
Rent expenses	16,208	16,535
Other	83,058	96,939
Total selling, general and administrative expenses	303,682	334,949
Operating profit	270,714	358,459
Non-operating income		
Interest income	454	1,394
Dividend income	6,048	7,834
Foreign exchange gains	1,939	-
Other	443	1,338
Total non-operating income	8,885	10,566
Non-operating expenses		
Listing expenses	-	17,768
Foreign exchange losses	-	2,719
Other	113	0
Total non-operating expenses	113	20,487
Ordinary profit	279,485	348,538
Profit before income taxes	279,485	348,538
Income taxes - current	80,929	111,113
Income taxes - deferred	3,531	919
Total income taxes	84,461	112,033
Profit	195,024	236,505
Profit attributable to owners of parent	195,024	236,505

## Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Thousand yen)

	For the six months ended June 30,2017	For the six months ended June 30,2018
Profit	195,024	236,505
Other comprehensive income		
Valuation difference on available-for-sale securities	(15,000)	(12,052)
Foreign currency translation adjustment	(980)	(5,339)
Total other comprehensive income	(15,980)	(17,391)
Comprehensive income	179,043	219,113
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	179,043	219,113
Comprehensive income attributable to non-controlling interests	-	-